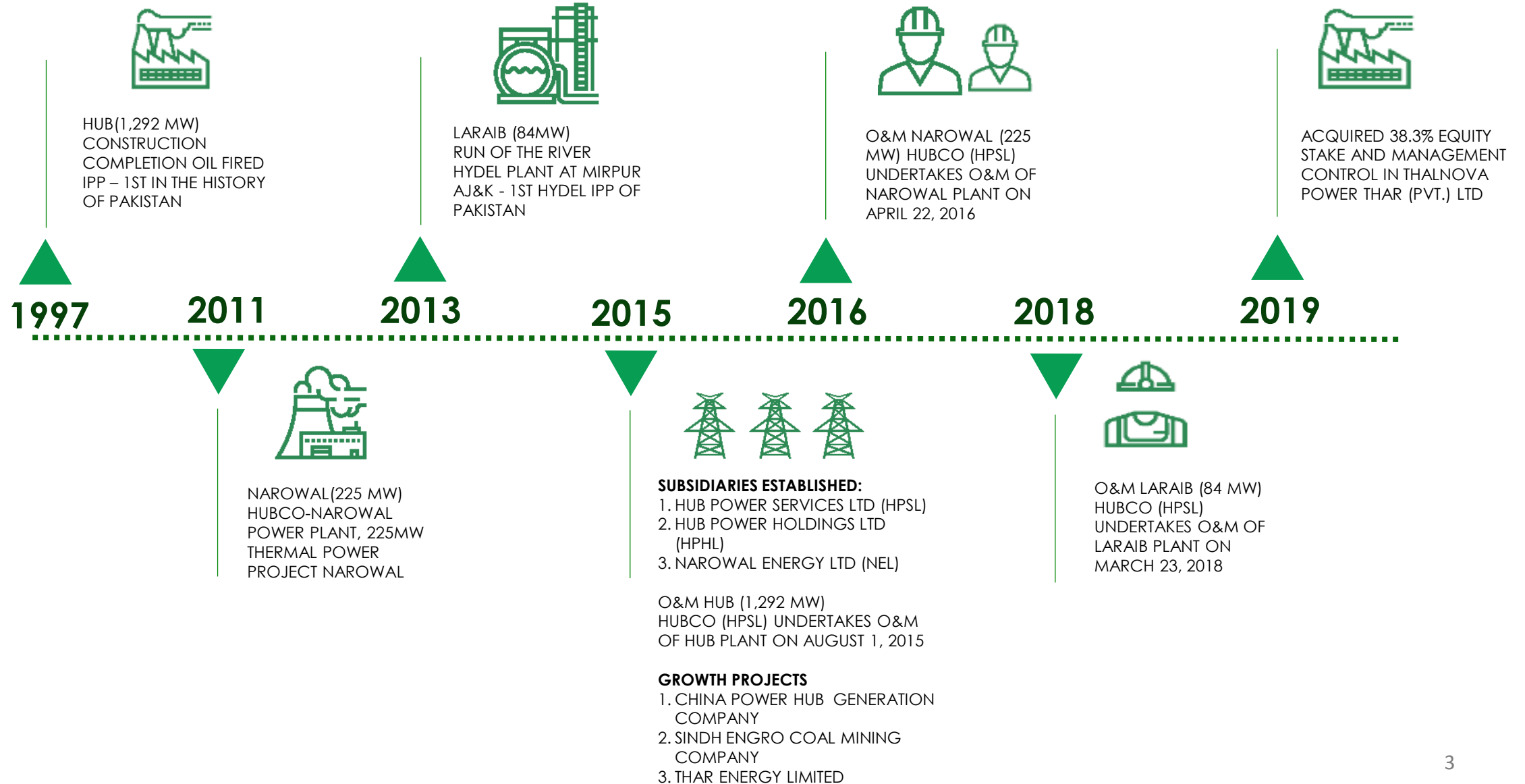


The Hub Power Company Limited

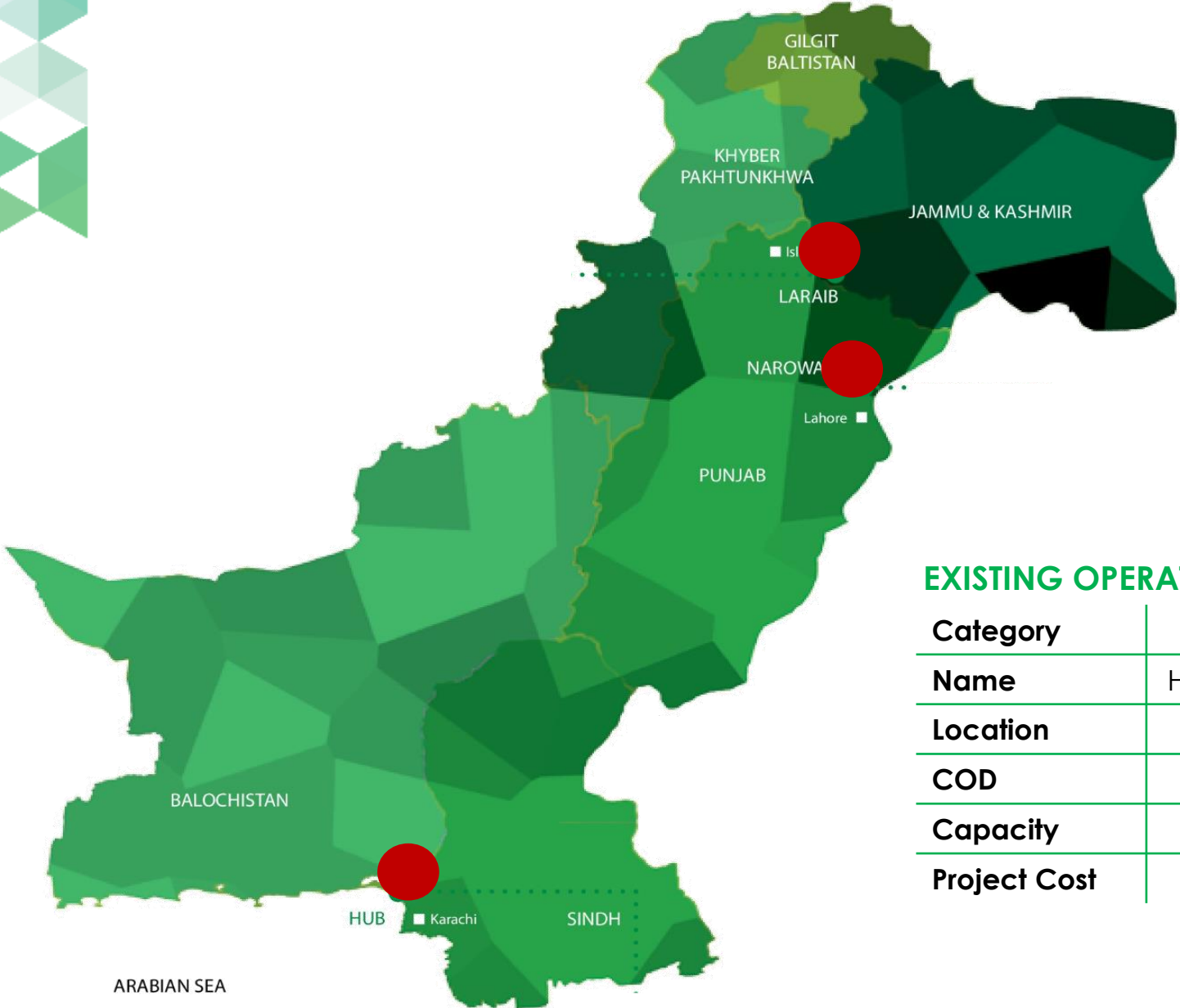
Analyst Briefing
April 2, 2019



A Brief History of HUBCO



HUBCO's Project Portfolio : Existing Operations



EXISTING OPERATIONS

Category	Furnace Oil	Furnace Oil	Hydro
Name	Hub Power Plant	Narowal	Laraib
Location	Balochistan	Punjab	Jammu/Kashmir
COD	1997	2011	2013
Capacity	1292 MW	213 MW	84 MW
Project Cost	US\$ 1,600 MN	US\$ 270 MN	US\$ 220 MN

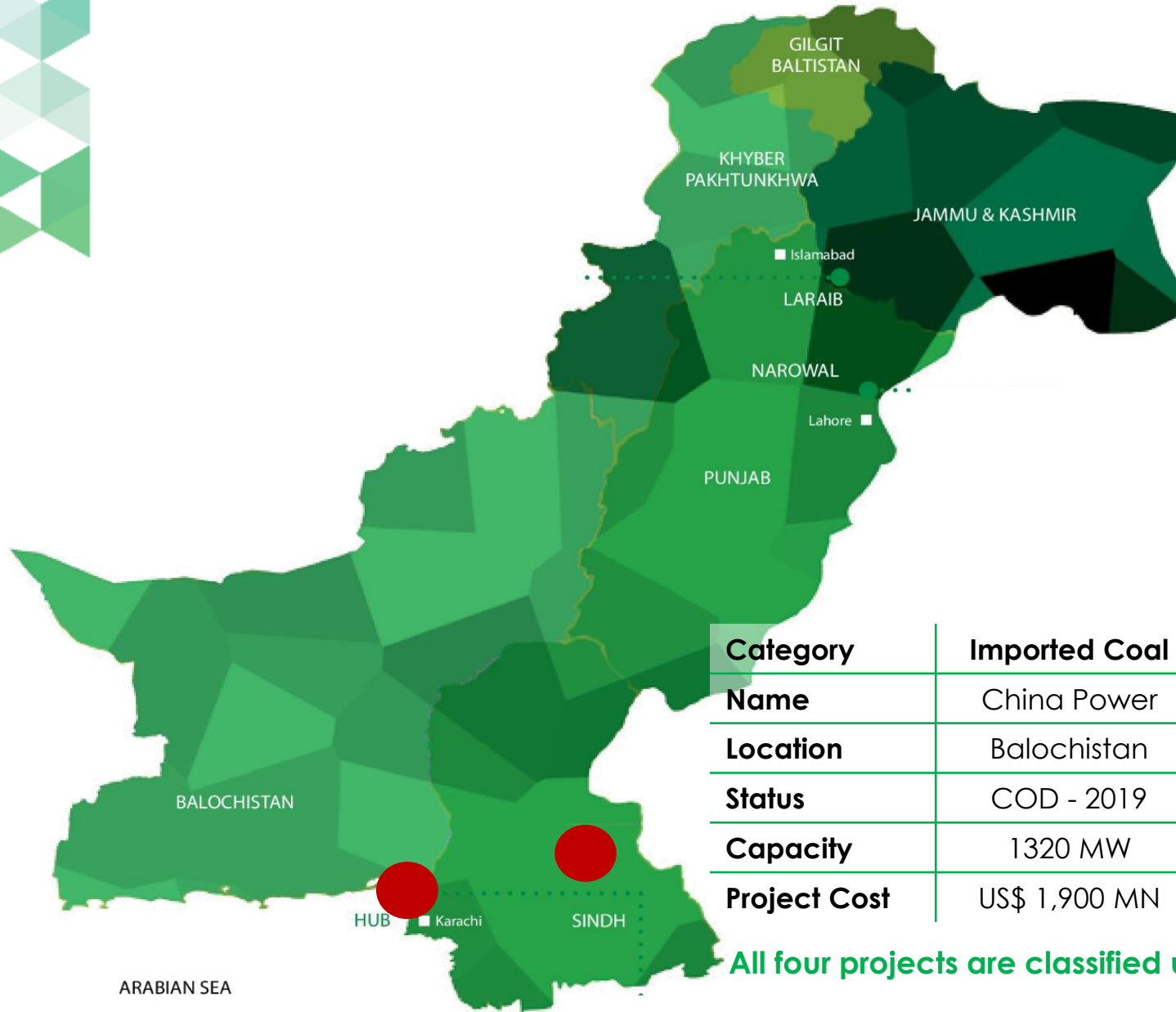
Standalone Financials

(FYE 30 June, PkR million)	FY 2016	FY 2017	FY 2018
Revenue	86,415	78,590	76,676
EBITDA	17,691	12,111	12,969
EPS	10.00	8.29	7.40

Consolidated Financials

(FYE 30 June, PkR million)	FY 2016	FY 2017	FY 2018
Revenue	91,595	101,188	99,999
EBITDA	20,679	19,694	20,832
EPS	10.29	9.24	9.56

Project Portfolio : Projects Under Execution



US\$ 4.0 BN

Category	Imported Coal	Thar Coal	Thar Coal	Thar Mining
Name	China Power	Thar Energy	ThalNova	SECMC
Location	Balochistan	Sindh	Sindh	Sindh
Status	COD - 2019	COD - 2021	COD - 2021	COD - 2019
Capacity	1320 MW	330 MW	330 MW	26.4 MTPA
Project Cost	US\$ 1,900 MN	US\$ 520 MN	US\$ 527 MN	US\$ 1,259 MN

All four projects are classified under the China-Pakistan Economic Corridor (CPEC)

Expected Returns from Growth Projects in Execution

	Capacity	Hubco's Equity Stake	Hubco's Equity (US\$ M)	IRR*	COD
CPHGC	1320 MW	46%**	249	17%	08/2019
TEL	330 MW	60%	78	20%	03/2021
ThalNova	330 MW	38.3%	50	20%	12/2021
SECMC	26.4 MTPA	8%	25	20%	06/2019
Total			402		

* IRR is also applicable on the construction period

**Hubco currently holds 26% and has exercised its right under the Shareholders' Agreement (the "Call Option") to increase its shareholding to 47.5% which will reduce to 46% after transfer of 1.5% stake to GOB under the terms of a MOU

Financing Plan for Growth Projects

- ❑ A Syndicated Term Facility of PkR26.5 Bn was arranged for funding equity commitments for first growth phase comprising of:
 - 26% stake in CPHGC
 - 60% stake in TEL; and
 - 8% stake in SECMC
- ❑ A second round of funding has been initiated to fund the incremental equity commitment from:
 - Exercise of Call Option for increasing equity stake in CPHGC by 21.5%; and
 - Acquisition 38.3% stake in ThalNova
- ❑ The Rights Issue is a part of this second round funding

	US\$ M
HBL Equity Loan	208
Commercial Paper	60
Non Bank TFCs	50
Internal Cash Flows	34
Rights Issue	50
Total	402

Features of the Rights Issue

Issue Size
(Pkr Bn)

7

Issue Price
(Pkr)

50

Number of Rights
(Mn)

140

Percentage of Existing
Paid up Capital

12.1%

Purpose

To fund the exercise of Call
Option to increase equity stake
in CPHGC by 21.5%

CPHGC – Project Highlights

Scope & Capacity

- 2x660 (1320) MW Coal Fired Power Plant based on Ultra Super Critical Technology
- Captive Barge Jetty with Coal Transshipment Capacity of 4.2 MTPA
- **Only imported coal based power plant with European Boiler**

Location

- Mouza Kund, Lasbela, Baluchistan
- Adjacent to Hubco's existing 1292MW Power Plant

Project Cost & Expected Returns

- US\$1,995 M
- Debt-to-Equity Ratio of 75:25
- Project's expected Equity IRR is 17%

Project Financing

- Project Debt of US\$1,496 M fully arranged on limited recourse basis in Dollars outside Pakistan from a consortium of Chinese banks led by China Development Bank (CDB)
- Financial Close achieved in Jan 2018

Construction

- Construction started in 2016
- First Unit synchronized with National Grid on December 28, 2018
- Synchronization of Second Unit expected in May 2019 followed by COD in August 2019

CPHGC – Project in Pictures



CPHGC – Project in Pictures



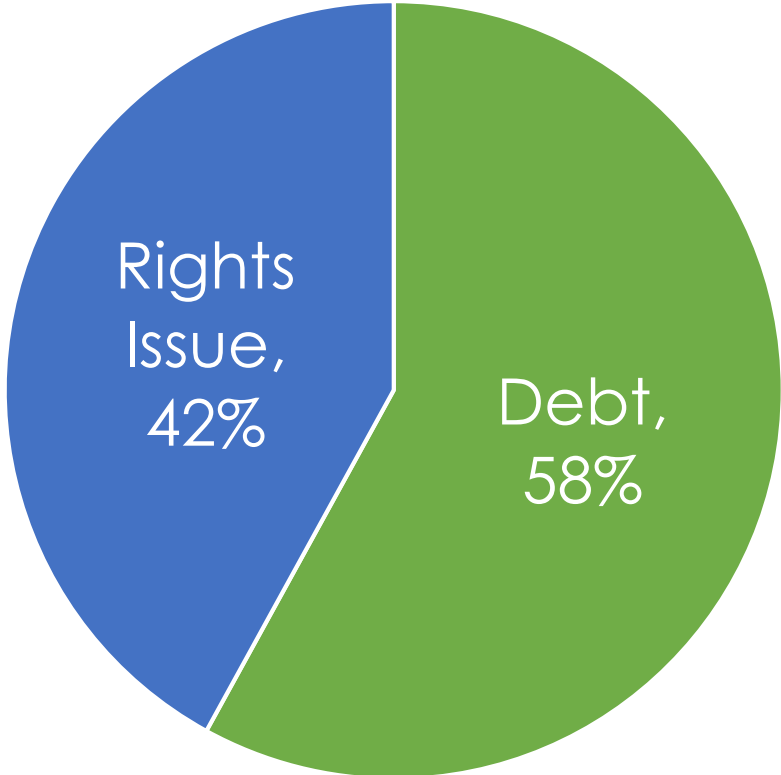
Financing the Exercise of Call Option



Incremental Funds Required (US\$ M)



Incremental Financing



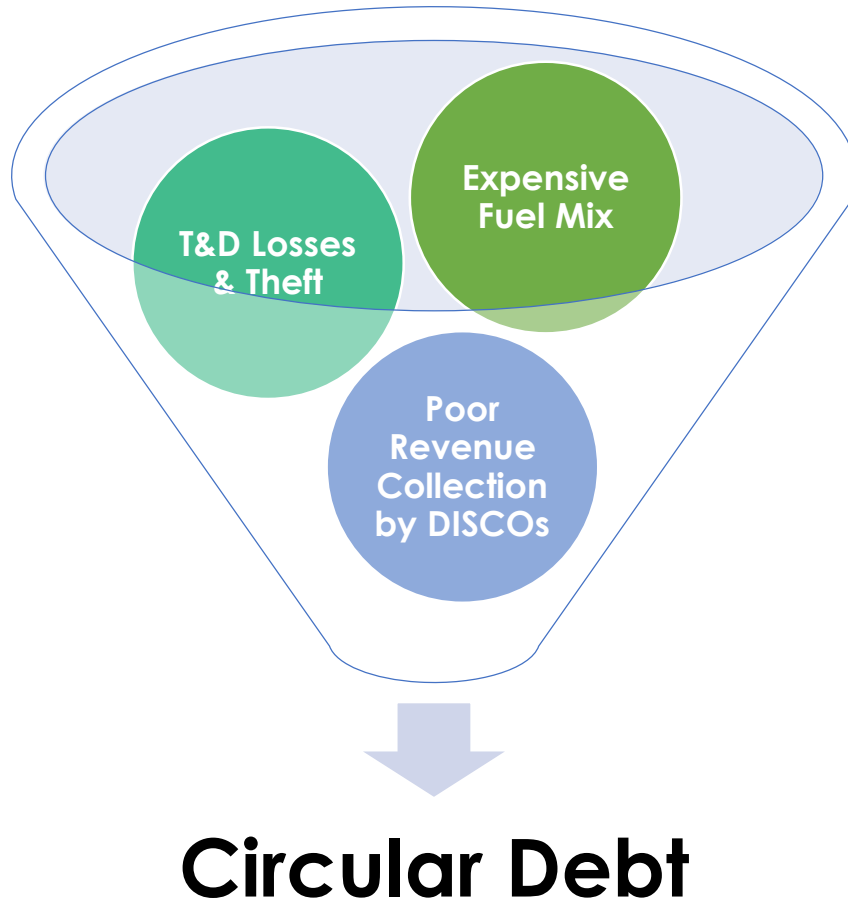
Abridged Financial Projections – HUBCO Standalone

(FYE 30 June, PkR million)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Gross Profit	11,500	14,884	15,578	18,730	20,880
Profit After Tax	6,996	11,764	24,033	27,813	32,453
EPS (PkR)*	6.05	9.07	18.53	21.44	25.02
Share Capital	12,971	12,971	12,971	12,971	12,971

* FY 2019 EPS is based on pre rights number of shares

	FY2020 vs FY2019	FY2021 vs FY2020	FY2022 vs FY2021	FY2023 vs FY2022
Reasons for Variation	<ul style="list-style-type: none"> Exchange Rate Indexation due to significant devaluation in FY2019 ▲▲ Decrease in R&M due to lower expected load factor ▲ Higher dividends from operating subsidiaries and Start of dividend from SECMC ▲ Higher financing cost of growth projects ▼ 	<ul style="list-style-type: none"> Start of dividend from CPHGC (First year dividend is higher due to accumulation of profits of 2 years) ▲▲▲ 	<ul style="list-style-type: none"> Higher dividends from NEL due to full settlement of Project Debt ▲ Start of dividend from TEL ▲▲ Lower financing cost of growth projects due to start of principal repayment in 2021 ▲ 	<ul style="list-style-type: none"> Start of dividend from TN ▲▲ Lower financing cost of growth projects due to principal repayment ▲

Circular Debt & its Resolution



Measures to Resolve Circular Debt

Immediate Measure

- Resolving the liquidity issues of power sector through raising funds from Sukuks/Bonds
- Clamp down of power theft resulting in 1.5% reduction in T&D losses (~PkR40 Bn) in last 6 months

Medium / Long Term Measures

- Improving the Fuel Mix – Future capacity additions to be on renewables, local indigenous fuel
- Investment in T&D infrastructure and various technology interventions to reduce T&D Losses
- Instituting reforms in power regulatory bodies